

FILED

AUG 25 2022

CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF OHIO
CLEVELAND

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

CIARAN DILLON,

Defendant.

) INDICTMENT

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CASE NO. **1:22 CR 500**

Title 18, United States Code,
Section 1343

JUDGE BOYKO

COUNTS 1-2

(Wire Fraud, 18 U.S.C. § 1343)

The Grand Jury charges:

1. Defendant CIARAN DILLON was a resident of Solon, Ohio in the Northern District of Ohio, Eastern Division.
2. Defendant was the Chief Financial Officer ("CFO") of CDG Acquisition, LLC ("CDG"), a company registered in the State of Ohio, which owned and operated up to 15 chain restaurants, "The Claddagh Irish Pubs," in the States of Indiana, Kentucky, Illinois, Michigan, Minnesota, Ohio, Pennsylvania, and Wisconsin.
3. As part of Defendant's role as CFO, Defendant had financial oversight of CDG's financial statements and bank accounts, to include the approval of the filing of state tax returns and payment of state sales taxes collected by each restaurant CDG operated.
4. Each CDG restaurant used a point-of-sale ("POS") system that calculated the amount of sales tax to be collected from each customer. The POS system electronically transferred data regarding the amount of collected sales tax to a back-office restaurant

management program located on computers at CDG's office in Solon, Ohio. The data was then transferred to a third program that CDG used to keep its general ledger.

5. Collected sales taxes were to be remitted to each of the eight states where CDG operated restaurants. Typically, sales tax returns documenting sales and sales tax collected, and payment of collected sales tax, were due to each state the month after they were collected by a restaurant.

6. CDG used a "4-4-5" reporting calendar, meaning that in any fiscal quarter, the first two periods would be four weeks and the third period would be five weeks.

7. CDG had an accountant whose responsibility it was to calculate the amount of sales taxes owed, prepare and submit state tax filings, and pay each state. On a monthly basis, the accountant downloaded a report from the general ledger software, which showed the total amount of sales taxes due to each state for the previous month's sales. The accountant reviewed the amount owed to the states with Defendant before paying them.

8. CDG also had a controller who was responsible for reconciling income statement accounts and company tax accounts.

9. From in or around January 2010, through on or about May 17, 2018, in the Northern District of Ohio, Eastern Division, and elsewhere, Defendant CIARAN DILLON knowingly devised, and intended to devise, a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations, and promises.

10. Defendant instructed the accountant to pay either the full amount due to the states or a lesser amount. Based on Defendant's instruction to pay a lesser amount, the accountant would edit the sales and sales tax figures in an offline excel workbook, prepare and file false sales tax returns, and pay the amount instructed by Defendant.

11. One common way to underpay sales tax was to report and pay sales tax for four weeks during a five-week period. That way, a week's worth of sales taxes collected by CDG were never paid to state taxing authorities.

12. The underpayment of sales taxes resulted in an excess balance on CDG's sales tax payable balance sheet within CDG's general ledger. Defendant concealed the underpayment of sales taxes by directing CDG's controller to make journal entries in the general ledger reclassifying the excess sales tax payable balances to other CDG accounts in the general ledger.

13. From in or around January 2010, until in or around March 2018, Defendant defrauded the States of Indiana, Kentucky, Illinois, Michigan, Minnesota, Ohio, Pennsylvania, and Wisconsin of over \$1 million of sales tax revenue collected from customers across CDG's fifteen restaurants.

14. On or about the dates in the table below, Defendant caused the filing of false and fraudulent state tax returns that contained false sales and sales tax figures. These filings were electronically transmitted from CDG offices in Solon, Ohio to various state taxing authorities:

Approx. Date Return Filed	Restaurant Location	Filed With	Approx. Sales Tax Filed	Approx. Sales Tax Collected	Approx. Underpayment
1/20/2018	Indianapolis, IN	Indiana Department of Revenue	\$9,934.03	\$12,555.83	\$2,621.80
10/19/2017	Geneva, IL	Illinois Department of Revenue	\$6,588.50	\$7,808.44	\$1,219.94
10/19/2017	Maple Grove, MN	Minnesota Department of Revenue	\$8,681.00	\$10,994.88	\$2,313.88
10/19/2017	Lansing, MI	Michigan Department of Treasury	\$9,824.63	\$12,183.94	\$2,359.31
10/21/2017	Columbus, OH	Ohio Department of Taxation	\$3,553.37	\$4,578.13	\$1,024.76
7/20/2017	Pittsburg, PA	Pennsylvania Department of Revenue	\$7,028.42	\$8,574.10	\$1,545.68

Approx. Date Return Filed	Restaurant Location	Filed With	Approx. Sales Tax Filed	Approx. Sales Tax Collected	Approx. Underpayment
4/19/2017	Pittsburgh, PA	Pennsylvania Department of Revenue	\$11,610.29	\$18,163.87	\$6,553.58
1/17/2014	Newport, KY	Kentucky Department of Revenue	\$4,349.61	\$6,425.34	\$2,075.73
10/18/2013	Madison, WI	Wisconsin Department of Revenue	\$5,499.45	\$6,939.86	\$1,440.41
6/20/2013	Pittsburgh, PA	Pennsylvania Department of Revenue	\$9,955.39	\$11,394.40	\$2,555.48
5/20/2013	Pittsburgh, PA	Pennsylvania Department of Revenue	\$15,422.31	\$17,977.79	\$1,439.01

15. On or about the dates listed below, in the Northern District of Ohio, Eastern Division, and elsewhere, Defendant, for the purpose of executing and attempting to execute the foregoing scheme and artifice, transmitted and caused to be transmitted, writings, signs, signals, pictures, and sounds by means of wire and radio communication, in interstate commerce, to wit: electronic sales tax returns and electronic transfers of funds which Defendant and others caused to be sent to, and received, as described below, each wire communication constituting a separate count of this indictment:

Count	Approx. Date Filed	From	Filed With	Approx. Sales Tax Filed	Approx. Sales Tax Collected	Approx. Sales Tax Underpayment
1	10/19/2017	CDG Offices in Solon, OH	Pennsylvania Department of Revenue	\$7,552.92	\$10,057.56	\$2,504.64
2	01/20/2018	CDG Offices in Solon, OH	Pennsylvania Department of Revenue	\$7,743.05	\$11,238.32	\$3,495.27

All in violation of the Title 18, United States Code, Section 1343.

A TRUE BILL.

Original document - Signatures on file with the Clerk of Courts, pursuant to the E-Government Act of 2002.